Knowing the measure of your client relationships

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Published in *Money Management* – January 2008

Ask many financial advisers about how good their relationships are with their clients and the response is automatic: "Of course I know my clients well – many have been with me for years!"

But also ask what evidence they have for this familiarity converting into value to the business – that is, loyalty, trust, implementation of advice and referrals – then the response is not nearly as spontaneous. It's not necessarily that these things are absent from the relationships, it may just be difficult to judge their potency.

Evaluating this side of your practice, however, can be enlightening and productive, and it's not as hard as you may imagine assessing and taking the necessary action to improve the situation.

In our personal life we seem to intuitively learn over the years what constitutes the mechanics of a good relationship. To be candid, there's not a lot of disparity between what works for our personal lives, and those professional connections that make our businesses successful and a pleasure to operate every day.

Let me hasten to add, however, that there should be significant differences between your personal and professional relationships, but more on that later.

Our most treasured personal relationships are usually based on some kind of deep feeling, affection or love. But this alone is only part of the recipe for a successful relationship – mutual respect, honesty in dealings, shared values and trust must also be present if who we want in our lives remain there.

In addition, a happy relationship cannot be sustained while we make assumptions about what the other party wants from it.
So, what's the evidence for you knowing you have, for example, the full trust of your client? And how can you be fairly sure that you have a relationship that will stand the test of bad economic times as well as the good?

Do you assume that for your client relationships to be good, you only need facilitate a client's desire to make money so they can create even more?

And when it comes to the 'soft stuff', do you rely on your feelings about a client to tell you how happy they are?

Truth is, how you *feel* about a relationship with a client is not always the best way of evaluating it. If you play tennis or golf you'll know what I mean – you can't know the precision of a shot by what you sense when you hit it. No matter how good a swing or follow-through feels, it does not mean the ball landed where you wanted it to go. It's a crime, I know.

While the ultimate game is one that feels as good as it is accurate, we need to deal with a bit of practicality if we want anything like that. For now, we need to use the landing position of the ball – the outcomes – to judge our game. And so it is with working with clients.

On the next pages are seven key ways to measure your relationships with clients. Along with them are some suggestions on how to address what to do to improve your performance or introduce balance to the current situation.

Measure # 1–You know where all the money is (and it didn't take you ages to find out).

If you think the time when clients will tell you where all their assets are is the time they have come to trust you, then the real message is you don't know how to earn their trust. You may also be signalling that you agree with them to some extent!

Suggestion: *Get a strategy to earn their trust in the first meeting, and begin by effortlessly trusting yourself.*

Measure # 2–You don't have to sell the product.

This doesn't mean you cut corners with compliance; nor does it mean your client is stupid or irresponsible.

The reason your clients accept your advice is, yes, because they trust you and your professionalism. But perhaps of equal relevance is the fact they're convinced you know them better than anyone when it comes to what they want from their money.
Because you listened to them in the past they will now listen to you, and act.

Suggestion: *Refine your 'soft' skills so your knowledge of a client's values is deeper, and so your ability to listen is matched only by your capacity to focus more acutely on your client than on their money.*

Measure # 3–You get (lots of) referrals.

One of the best ways to know your clients think about you is by the referrals they send you. In fact, you won't need to do much in the way of promotion at all.

This is also a good way of knowing if your work ethic resonates with their values. While no one will recommend a professional who doesn't offer good service, they will also use a referral to say something about who they are to their own sphere of influence.

Suggestion: *As you build a good relationship with your clients ask them for referrals – sometimes they aren't aware that you would value them!*

And always, always acknowledge a client for their referral as this makes them feel validated and unlikely to forget the experience. Besides, it's good manners.

Measure # 4–The client only listens to your advice.

One of the bug-bears for advisers are people who come to them influenced and often uninformed by what they read/see/hear in the media. Worse still, they discuss their investment options with people who wouldn't know a wise investment from a watermelon.

How much time are you spending on conversations with clients trying to balance the arguments with proper information?

An adviser who firmly yet authentically stands their knowledgeable ground with a client will be respected and listened to.

Suggestion: *The process of building clients' trust and confidence in you as an adviser begins when you get up in the morning, not as you walk out to greet them – it's who we are that makes us how we are – don't risk trying to fake it.*

And take a look at the process you personally go through before entrusting anyone in professional circumstances. If you expect your clients to do what you suggest in terms of advice, then know what you are asking of them. It's called empathy and one of the interpersonal skills which, when used appropriately, will be one of the gems in your adviser toolkit.

Measure # 5–Your clients are as loyal in the bad times as well as the good.

Client relationships are tested when things get tough but if you've dealt with your clients in ways they can value on many levels, they will not desert you just because you failed to predict the market or anything else you have no control over. In fact, they will need you more than ever and look to your relationship to pilot them to calmer waters.

Suggestion: *Decide if you want the kind of client relationships that enrich both of you in all ways. Then ask yourself why you want them. The answers to these two questions will also represent your likelihood of getting and keeping them.*

Measure # 6–You feel relaxed and confident about discussing philanthropy.

One of the main reasons I hear from advisers for them not raising the subject of philanthropy with clients is because they feel it is too private an area and the client may feel embarrassed, affronted or confused.

But who's really the confused one here?

Client charitable giving is about investment – not 'giving away' money. Also, as they are probably already involved in some kind of giving (read the stats), you, as their financial adviser, should be helping them to potentially make it more sustainable, valuable and tax-efficient – if that's what they want.

But how are you going to know unless you ask? And wouldn't you sooner be the one to raise the subject or at least be prepared?

Suggestion: *Get education and training in philanthropy because it's not going to go away.*

And if you have your sights on refining your client base and attracting high-net-worth clients then it will become an essential part of your knowledge as philanthropy is of particular interest to that group.

Again, if you think you need to have a closer relationship before you bring up the subject of client philanthropy, then it may never happen.

Measure # 7–You are their adviser first, and then their friend.

This may be baffling if you believe it's natural to develop friendships with clients, and that this will make them happily more loyal than would otherwise be the case. And in many respects you're right.

In reality, however, it will better serve you both to maintain an obvious overlying professional basis to even the closest of client relationships – regardless of the length of time these have lasted.

There a few significant reasons for this.

Your professionalism is a 'safe place' you create for the client which allows you to discuss almost anything, thus facilitating unlimited space for doing your job and building trust. This approach also puts in place natural boundaries for integrity both in your personal and commercial dealings for which you first came together.

While trust and a sense of closeness form some of the glue in your relationship, a client will eventually (and awkwardly) leave if the professional aspect of the relationship is not to their satisfaction.

Equally, they may become uncomfortable if an inappropriate degree of casualness creeps into the relationship, which, after all, needs distinct goals and structured action to work.

At the end of the day, you still justifiably expect them to pay you for your services, so everyone will be more satisfied if they are convinced of your value – including you.

On the other hand, if the closeness with a client develops into an unhealthy dependence, they may defer to your advice, whatever it is, regardless of the consequences.

This is a very difficult place for an adviser to find themselves and it may be very hard, even impossible, to retrace the steps back to where you can confidently know that a client is taking full personal responsibility for investment decisions. It also has, of course, implications for evaluating a client's tolerance to risk.

Suggestion: *The old adage, start as you mean to carry on, is as true and useful as ever here. State and reinforce the expectations and roles in the client/adviser relationship in various ways right from the first meeting.*

Watch for the subtle indications that a client may be tending to insist on deferring to you on even simple things, and put the decisions to be made back on them without delay. When the time comes for them to decide on investment strategies they will be familiar and content with how dealing with an adviser should progress.

So, there you have it. If you need to check in on the effectiveness and efficiency of your client relationships then you could do worse than use some of the above criteria by which to measure them or even improve their health.

While they may be high standards for appraising your relationships with clients, they probably represent what the ideal practice looks like that is both profitable and a joy to run.

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